

City of Wichita, Kansas
Popular Annual
Financial Report

FISCAL YEAR ENDED DECEMBER 31, 2010



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- 1 Spirit AeroSystems Inc.
- 2 Cessna Aircraft Company
- 3 USD 259 Wichita
- 4 Via Christi Health System
- 5 Hawker Beechcraft Corporation
- 6 State of Kansas
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- 8 Sedgwick County
- 9 United States Government
- 10 Boeing Defense, Space & Security

TOP 10 EMPLOYERS 2010

welcome to WICHITA

The City of Wichita is the largest city in Kansas, with an estimated population of 372,186. It encompasses approximately 162 square miles and serves as a regional hub for business, entertainment, health care and education. As a three time All-American City award-winner, Wichita offers its residents a quality of life that is clean, safe and growing.

FINANCIAL REPORTING AWARDS

The City of Wichita received the following awards from the Government Finance Officers Association (GFOA) in 2010

- Certificate of Achievement for Excellence in Financial Reporting for the annual Comprehensive Annual Financial Report (CAFR)-37th consecutive year
- Certificate of Achievement for Excellence in Financial Reporting for the annual Pension CAFR-11th consecutive year
- Outstanding Budget Presentation Award-22nd consecutive year
- Award for Outstanding Achievement in Popular Annual Financial Reporting-1st year





Since 1989 the City of Wichita has operated under a Mayor-Council-Manager form of government with a Mayor elected at large and other City Council members elected by district. Term limits allow two consecutive terms. The City Council has seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

Carl Brewer-Mayor



Mayor Brewer was first elected as Mayor in 2007, he was elected for a second term in 2011. He served as member of the City Council from 2001 until his election as Mayor.

Lavonta Williams-City Councilmember District I



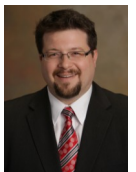
Lavonta has served on the City Council since 2007. Previously she served on the District I advisory board from 2002 until her election to City Council.

Pete Meizner-City Councilmember District II



Pete is a lifelong resident of Wichita, successfully starting and running a telecom company. He was elected to the Council for his first term in 2011..

James Clendenin-City Councilmember District III



James has called Kansas home since 1985. He was elected to the Council for his first term in 2011.

Michael O'Donnell-City Councilmember District IV



Michael is a 4th generation resident of Wichita's south side. He was elected to the Council for his first term in 2011.

Jeff Longwell-City Councilmember District V



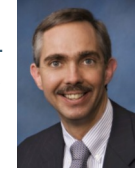
Jeff is a long time resident of West Wichita. He was first elected to the City Council in 2007 and was re-elected for a second term in 2011.

Janet Miller -City Councilmember District VI



Janet is a lifelong Kansan and 22 year resident of Wichita. She was first elected to the Council in 2009 and previously served on the District VI Advisory Board.

City Manager-Robert Layton



Mr. Layton became the City's Manager in 2009. Previously he served as City Manager in Urbandale, IA from 1984-2008

The City of Wichita

Local Economy

Although Wichita fared better in 2010 than in 2009, the City continued to feel the effects of the current recession.

Measured by unemployment, the local economy fared better than the national economy through most of the recession, with Wichita's average annual unemployment rate lower than the nations' since 2007.

- The City of Wichita's 2010 annual unemployment rate rose to a high of 9.4 % an increase of .5 % from 2009
- The annual unemployment rate for Wichita MSA also increased .5% from 2009 to a high of 8.6%

Annual Unemployment Rates



Source: State of Kansas, Department of Labor

The Wichita Metropolitan Statistical Area (MSA) includes four counties: Sedgwick, Butler, Harvey and Sumner

Estimated Actual Value of Property Expressed in millions of dollars



Source: Sedgwick County Clerk and Sedgwick County Appraiser

- The estimated actual value of taxable property increased slightly in 2010.
- The value of taxed real estate increased .7%, while the value of taxed personal property declined.
- In 2006 the Kansas Legislature, exempted commercial and industrial equipment from personal property taxes on a sliding scale until the property is fully exempted; this is reflected in the declining value of taxable personal property.



derived from community and staff input, implementing recommendations on service priorities and financial preferences. Restructuring and cross-training the workforce, consolidation of services and partnering with community organizations are all strategies employed to continue essential services with the available resources.

The City is weathering the economic downturn with a combination of responses

Looking Ahead

The Center for Economic Development and Business Research is forecasting moderate growth for Wichita in 2011, projecting a .6 % increase in total employment for a gain of approximately 1,670 jobs by year-end.

The City of Wichita

Major Initiatives and City Service Statistics

Despite the challenging economic environment, the City remained steadfast in its focus on core services through efficient government and a strong economic environment. In addition positioning the City favorably for long term economic growth remains a key business objective, based on a diversified business and industry foundation. With these goals in mind the City has been a part of many major initiatives throughout the City.

WaterWalk

The area surrounding WaterWalk Place has been turned into a park-like area including ponds, walking paths, a gazebo and plantings.



Work on this area will continue into 2011 with the development of a major pedestrian entry, and a unique \$4.5 million "Waltzing Waters" fountain with a surrounding plaza.

Century II

The landmark Convention Center received a commitment of \$22 million over the next five years for updating and improvement.



Botanica

Expansion of the city's botanical gardens began with the Downing Children's Garden, scheduled to open in 2011. The infrastructure is funded by the City with the expansion funded from grants, large and small donations and a keystone benefactor.



NOMAR

With the opening of the NOMAR International Market, the development of the West 21st Street corridor into a pedestrian friendly retail and international marketplace took shape. The Market features a transit plaza, and an open air gateway that will be used for markets, concerts and outdoor community events in a culturally rich neighborhood.



2010 City Service Statistics

Dispatched calls for 911 service	286,507	Swim lessons	1,377
Number of fire unit responses	69,680	Botanica Garden visitors	105,881
Fires contained to room of origin	64%	Library circulation	2,284,698
Miles of street resurfaced	11	Library program attendance	70,528
Potholes repaired	70,306	Number of airport passengers	1,549,395
Golf rounds played	161,179	Number of daily flights	38
Trees planted	1,624	Transit fixed route ridership	2,210,177
Average daily water consumption (million gallons per day)	57	Average daily sewage treated (million gallons per day)	36

Where Does the Money for These Services Come From?

Revenue Sources

Where the Money Comes From

The City of Wichita maintains 28 governmental funds with multiple sub-funds, which account for the City's basic services including public safety, general government administration, highways and streets, culture and recreation and the physical environment.



Revenue totaling over \$384 million financed these services from the following sources:

TAXES

- **Property**-taxes collected from property owners on real estate and other equipment
- **Sales**-City's portion of the County wide sales tax
- **Franchise**-percent of revenue from utility companies for the use of the City's right-of-way to deliver utility services
- **Motor Vehicle**-local portion of the property tax levied on motor vehicles
- **Transient Guest**-set by the City Council and collected by local hotels to fund tourism and convention programs

GRANTS AND CONTRIBUTIONS

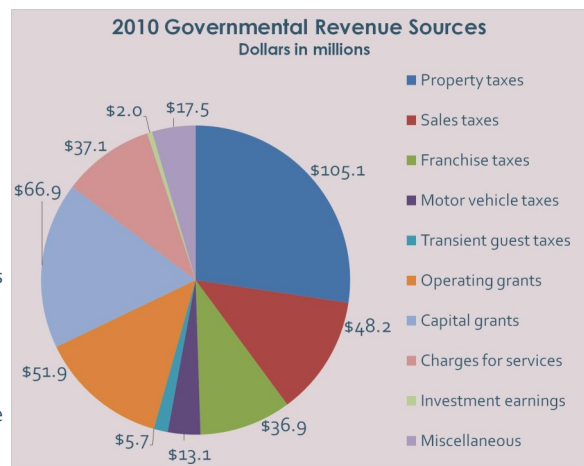
- **Operating**-resources received from other governments for specific services such as housing and community assistance programs, police services and environmental health programs
- **Capital**-primarily received from other governments and special assessments from property owners used for the construction of capital assets

CHARGES FOR SERVICES

- Resources paid to the City for services such as recreation classes, building rentals, licenses, inspection fees and fines

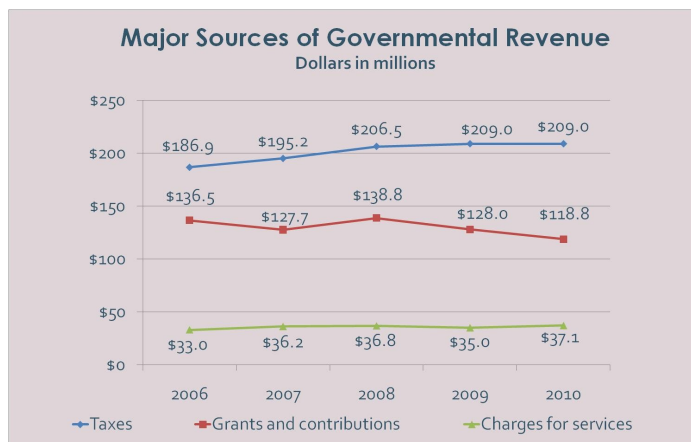
INVESTMENT AND MISCELLANEOUS

- **Investment Earnings**-revenues earned on the investment of cash balances
- **Miscellaneous**-revenues from the sale of unused property, repayment of loans, insurance settlements and other reimbursements



Fire Photo by Andy Thomas

- Tax revenue has remained stable over the last two years; decreases in property and sales tax are offset with an increase in franchise tax.
- Grants and contributions have declined, with the greatest decline in street and highway grants.
- Revenue from charges for services has increased an average of 3.0% annually



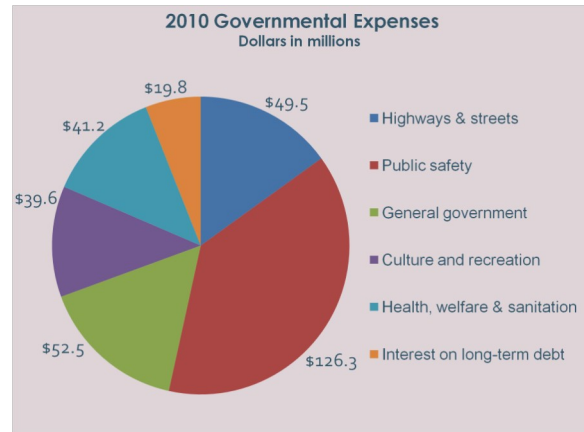


Chapin Dog Park

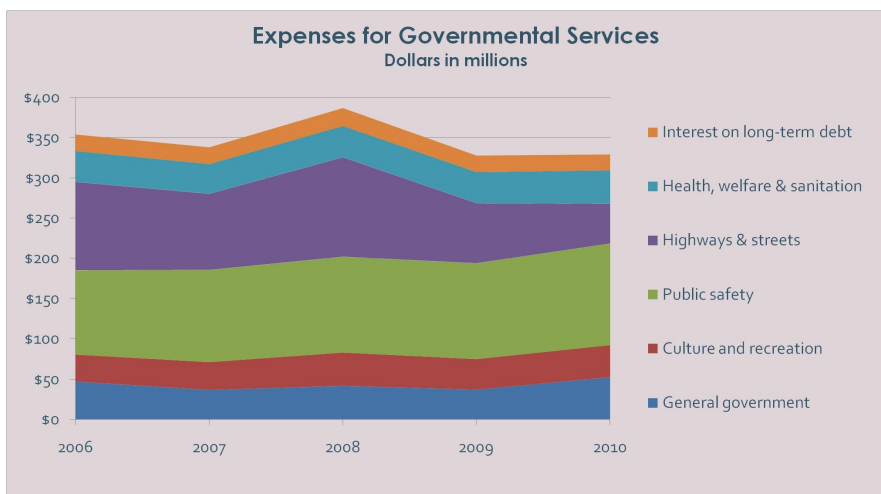
Expense Categories How the Money is Spent

City Service Expense Categories

- **Highways and Streets**-construction, maintenance, signage and snow removal
- **Public Safety**-fire and police
- **General Government**-elected officials, administrative offices and municipal court
- **Culture and Recreation**-park, library and cultural programs including Wichita Art Museum, Cowtown, Mid-America All-Indian Center, CityArts and Botanica
- **Health and Welfare**-housing and community assistance programs, environmental services, animal control, day care licensing and inspection of food service providers
- **Sanitation**-street cleaning, weed and blight control
- **Interest on Long-Term Debt**-cost of financing investments in streets, bridges, buildings, attractions, and technology



Fire Photo by Andy Thomas



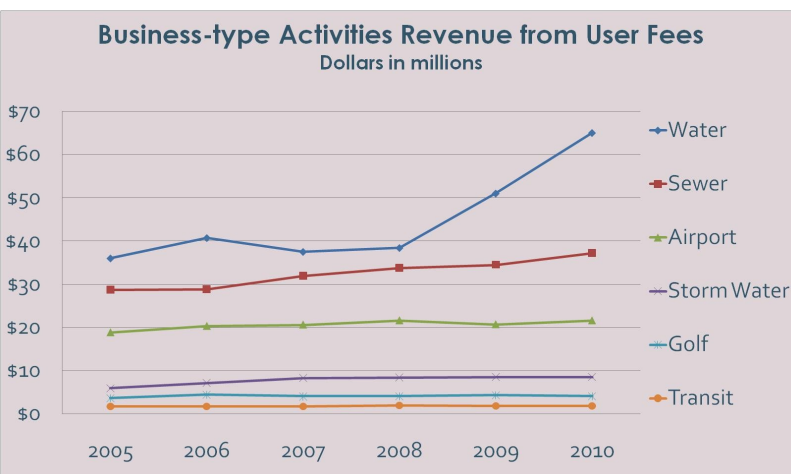
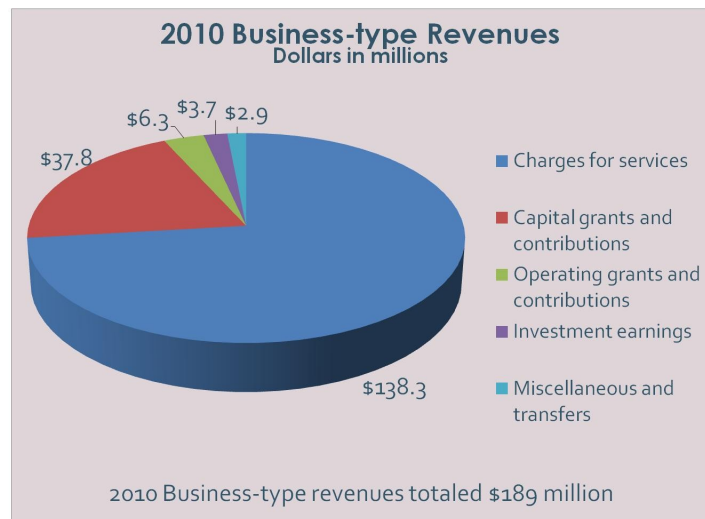
- Overall, governmental expenses increased an average of 2.4% annually during the last four years.
- Expenses for public safety and culture and recreation increased an average of 5% and 4.5% annually during the last four years.
- Capital grants and contributions for highway and street programs had the most significant decline and was reflected in the lower investment in highways and street expenses.

Business-type Activities Revenues

Business-type activities include Water, Sewer, Storm Water, Airports, Transit and Golf Course. These areas operate more like private businesses, with self-supporting revenue sources. The services provided are generally not supported with sales or property tax.



- The Water, Sewer, Storm Water, Airport and Golf departments operate from money received for the services provided.
- Transit uses money received from services and is subsidized by local taxes. Transit also receives revenue from state and federal grants.
- The Airport receives support from federal grants and federally authorized passenger facility charges.



- Revenues in business-type activities have grown an average of 4.6% over the past five years



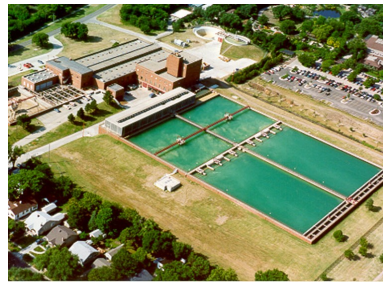
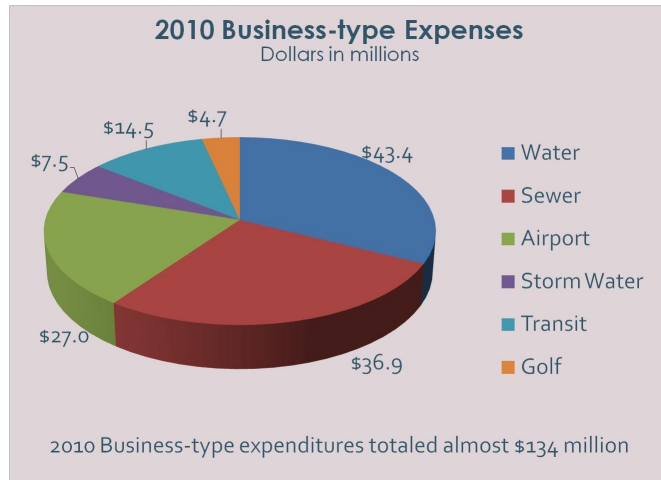


Business-type Activities Expenses

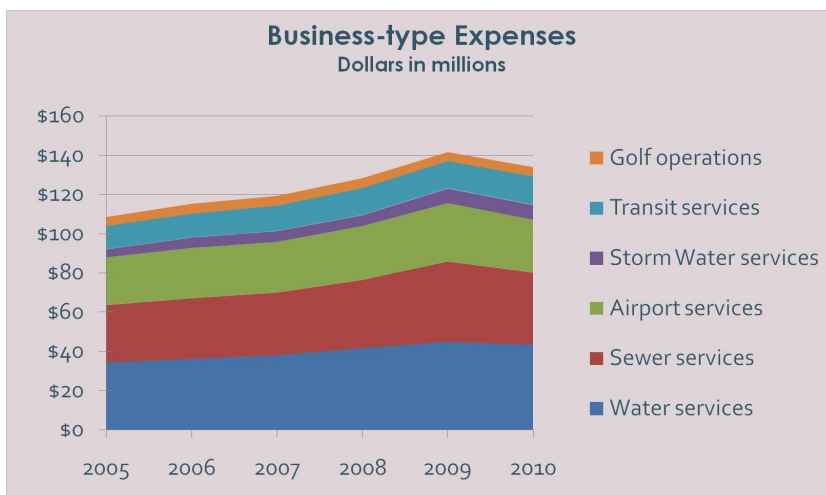
- Expenses of the business-type activities reflect operating expenses only, excluding current year investments in new capital assets.
- A varied approach has been taken to manage increasing costs in a changing regulatory environment.

Public Utilities

- The Sewer Utility began operations of the new wastewater treatment plant in 2010.
- The Storm Water Utility now operates ten pump stations to move excess surface water during periods of heavy rainfall.
- The Water Utility has increased its customer base over the years, providing water to some neighboring communities.



Aerial View of Water Treatment Facility



- Expenses in the business-type activities have grown an average of 4.3% over the past five years



Assets

Business-type and Governmental

Delivering services to the citizens of Wichita requires more than just dollars. Many types of assets are also needed to keep the City running. In 2010 depreciated assets were valued at \$2.4 billion.



Business type assets include buildings, water and sewer lines, pumping equipment, sewer cleaners, airport taxiways, vehicles, buses and industrial mowers.

Assets of the business type activities are financed with a mixture of available cash, grants and long term debt. Utility assets are customarily financed on a long term basis and repaid from user charges. Transit assets are usually purchased from grant revenue with a small portion from local revenue. Airport assets are customarily purchased from passenger facility charges, other user charges and grant revenue.

2010 business-type assets totaled over \$1.3 billion and are made up of the following departments (dollars in thousands):

• Water Utility	\$581,055
• Sewer Utility	\$422,164
• Airports	\$149,674
• Storm Water	\$153,032
• Transit	\$18,666
• Golf Courses	\$8,183

Business-type



Governmental assets are used to deliver City benefits such as police and fire rescue, parks and recreation, and streets and bridges.

Assets used to deliver general governmental services are financed with available cash, grants and long term debt. The City's portion of the 1% Sedgwick County sales tax provides funding for major arterials and the Kellogg Freeway with state and federal contributions when available. Buildings, equipment and other improvements are paid from general revenues, which includes taxes, user fees, licenses, permits and other charges.



Fire Photo by Andy Thomas

Governmental assets totaled over \$1.1 billion in 2010 and are made up of the following categories (dollars in thousands):

Governmental

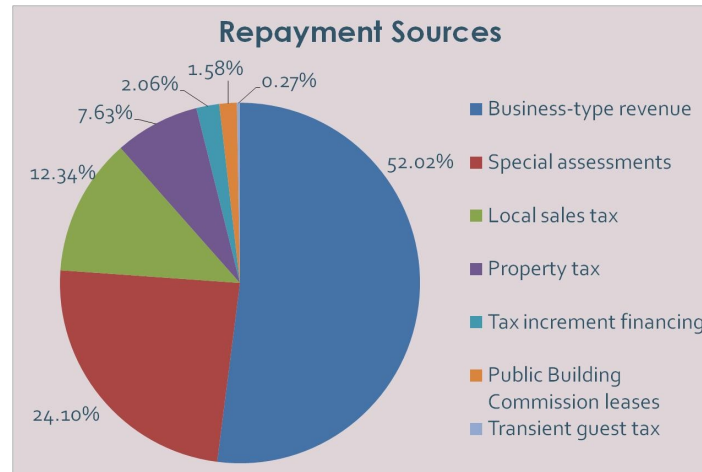
• Land	\$253,061
• Buildings	\$150,018
• Improvements	\$51,274
• Equipment	\$36,633
• Infrastructure	\$553,190
• Construction In Progress	\$63,529



Debt Business-type and Governmental

Assets are financed with a mixture of cash and long-term borrowing. Money is borrowed on a long-term basis to spread the cost of assets over their useful lives. Funds are only borrowed to fund capital acquisitions and improvements.

- Total long-term debt outstanding on December 31, 2010 was \$1,059,203,768.
- Business-type activities repay debt from the Water, Sewer, Storm Water, Airport and Golf Course revenues.
- Taxes and special assessments are also utilized to repay debt from governmental funds.



This Popular Annual Financial Report has been prepared to inform citizens about the City of Wichita and its operations, services and programs, as well as its financial condition for the fiscal year ended December 31, 2010. It is suitable for readers who prefer to review operational and financial information in summary form and does not substitute for the City's Comprehensive Annual Financial Report (CAFR). This publication is derived from information provided in the CAFR which is based on generally accepted accounting principles (GAAP). This report is presented in GAAP format and is not inclusive of all funds or the City's component unit, the Wichita Public Building Commission. The City's financial statements have been audited by Allen, Gibbs and Houlik, an independent firm of certified public accountants. The auditors' report concluded that the financial statements fairly reflect the financial condition of the City in all material respects. A full copy of the CAFR is published on the City's website at

www.wichita.gov/CityOffices/Finance/Controllers/DocumentsForms.htm



Questions?

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Park

